

§ 8.28

(3)(i) If application for reinstatement is submitted and the premiums tendered within 6 premium months after lapse, including the premium month for which the unpaid premium was due, insurance will be reinstated provided the applicant be in as good health on the date of application and tender of premiums as he was on the last day of the grace period of the premium in default and furnishes satisfactory evidence thereof.

(ii) If application for reinstatement is submitted and the premiums tendered after expiration of the 6-month period mentioned in subdivision (i) of this subparagraph, insurance will be reinstated provided applicant is in good health (§ 8.0) on the date of application and tender of premiums and furnishes satisfactory evidence thereof.

[21 FR 6544, Aug. 30, 1956, as amended at 24 FR 21, Jan. 1, 1959; 30 FR 3652, Mar. 19, 1965; 33 FR 365, Jan. 10, 1968; 36 FR 4384, Mar. 5, 1971; 49 FR 34484, Aug. 31, 1984; 54 FR 5931, Feb. 7, 1989. Redesignated and amended at 61 FR 29290, 29293, June 10, 1996. Redesignated at 65 FR 7437, Feb. 15, 2000]

SETTLEMENT OF INSURANCE MATURING ON OR AFTER AUGUST 1, 1946

§ 8.28 Conditional designation of beneficiary.

If the insured by notice in writing to the Department of Veterans Affairs during his lifetime has provided that a designated beneficiary shall be entitled to the proceeds of National Service life insurance only if such beneficiary shall survive him for such period (not more than 30 days), as specified by the insured, no right to the insurance shall vest as to such beneficiary during that period. In the event such beneficiary fails to survive the specified period, payment of the proceeds of National Service life insurance will be made as if the beneficiary had predeceased the insured.

[14 FR 7175, Nov. 29, 1949. Redesignated at 61 FR 29290, June 10, 1996. Redesignated at 65 FR 7437, Feb. 15, 2000]

§ 8.29 Application for reinstatement of total disability income provision.

A total disability income provision which is lapsed may be reinstated if the insured meets the same require-

38 CFR Ch. I (7-1-01 Edition)

ments as those for reinstatement of the policy to which the total disability income provision is attached; except that in no event shall the requirement of a health statement or other medical evidence be waived in connection with the reinstatement of the total disability income provision.

[61 FR 29293, June 10, 1996. Redesignated at 65 FR 7437, Feb. 15, 2000]

NATIONAL SERVICE LIFE INSURANCE POLICY

§ 8.30 Policy provisions.

Contracts of insurance authorized to be made in accordance with the terms and conditions set forth in the forms and policy plans are subject in all respects to the applicable provisions of title 38 U.S.C., amendments and supplements thereto, and applicable Department of Veterans Affairs regulations promulgated pursuant thereto, all of which together with the insured's application, required evidence of health, including physical examination, if required, and tender of premium shall constitute the contract.

[61 FR 29293, June 10, 1996. Redesignated at 65 FR 7437, Feb. 15, 2000]

APPEALS

§ 8.31 Appeal to Board of Veterans Appeals.

(a) The provisions of Part 19 of this chapter will be followed in connection with appeals to the Board of Veterans Appeals involving questions pertaining to the denial of applications for insurance, total disability income provision, or reinstatement; disallowance of claims for insurance benefits; and decisions holding fraud or imposing forfeiture. Notice to the applicant or claimant and his representative, if any, of the right to appeal will be sent by the insurance activity having jurisdiction over the case, at time action of denial, disallowance, or forfeiture is taken.

(b) When an appeal to the Board of Veterans Appeals is initiated by a notice of disagreement, any unpaid premiums, normally due under the policy

Department of Veterans Affairs

§ 8.37

from effective date of issue or reinstatement (as appropriate), will become an interest-bearing lien, enforceable as a legal debt due the United States and subject to all available collection procedures in the event of favorable action by the Board.

(c) Where the adverse action from which appeal is taken involves a change in or addition to insurance currently in force, premium payments must be continued on the existing contract.

[33 FR 3176, Feb. 20, 1968. Redesignated at 61 FR 29290, June 10, 1996. Redesignated at 65 FR 7437, Feb. 15, 2000]

§ 8.32 Total disability for twenty years or more.

Where the Disability Insurance Claims activity has made a finding of total disability for insurance purposes and it is found that such disability remained continuously in effect for 20 or more years, the finding will not be discontinued thereafter, except upon a showing that such a determination was based on fraud. The 20-year period will be computed from the date the continuous total disability commenced, as determined by the Disability Insurance Claims activity.

[27 FR 11893, Dec. 1, 1962. Redesignated at 61 FR 29290, June 10, 1996. Redesignated at 65 FR 7437, Feb. 15, 2000]

§ 8.33 Guardian: definition and authority.

(a) *Definition.* For the purpose of this section, the term *guardian* includes any fiduciary certified by the appropriate Veterans Services Officer under § 13.55 of this title to receive benefits in a fiduciary capacity for an insured or beneficiary.

(b) *Authority.* For the purpose of this part, a guardian of an insured or beneficiary shall have authority to: Apply for insurance; apply for conversion of a policy or change of plan; reinstate a policy; withdraw dividends held on deposit or credit; select or change a dividend option; obtain a policy loan; cash surrender a policy; authorize a deduction from benefits or allotment from military retired pay to pay premiums; apply for and receive payment of the proceeds on a matured policy; select or change the premium payment option;

apply for waiver of premiums and total disability income benefits; select or change settlement options for beneficiaries; assign a beneficiary's interest as provided under section 1918 of title 38 U.S.C.

(Authority: 38 U.S.C. 1906)

[56 FR 9627, Mar. 7, 1991. Redesignated at 61 FR 29290, June 10, 1996. Redesignated at 65 FR 7437, Feb. 15, 2000]

§ 8.37 Cash value for term-capped policies.

(a) *What is a term-capped policy?* A term-capped policy is a National Service Life Insurance policy prefixed with "V" or Veterans Special Life Insurance policy prefixed with "RS," issued on a 5-year level premium term plan in which premiums have been capped (frozen) at the renewal age 70 rate.

(b) *How can a term-capped policy accrue cash value?* Normally, a policy issued on a 5-year level premium term plan does not accrue cash value (see section 8.14). However, notwithstanding any other provisions of this part, reserves have been established to provide for cash value for term-capped policies.

(c) *On what basis have the reserve values been established?* Reserve values have been established based upon the 1980 Commissioners Standard Ordinary Basic Table and interest at five per centum per annum in accordance with accepted actuarial practices.

(d) *How much cash value does a term-capped policy have?* The cash value for each policy will depend on the age of the insured, the type of policy, and the amount of coverage in force and will be calculated in accordance with accepted actuarial practices. For illustrative purposes, below are some examples of cash values based upon a \$10,000 policy at various attained ages for an NSLI "V" policy and a VSLI "RS" policy:

Age	Cash value "V"	Cash value "RS"
75	\$1,494	\$1,716
80	3,212	3,358
85	4,786	4,818
90	6,249	6,217
95	8,887	7,286

(e) *What can be done with this cash value?* Upon cancellation or lapse of the policy, a policyholder may receive the cash value in a lump sum or may use